Fertiglobe plc

31 December 2021

Separate Financial Statements

SEPARATE STATEMENT OF FINANCIAL POSITION
AS AT

$ million	Note	31 December 2021	31 December 2020
Assets			
Non-current assets			
Investment in subsidiaries	(7)	2,684.4	2,619.0
Property, plant and equipment		1.5	0.1
Right of use asset		1.5	1.9
Other receivables	(8)	1,073.2	1,132.1
Total non-current assets		**3,760.6**	**3,753.1**
Current assets			
Other receivables	(8)	580.8	121.6
Cash and cash equivalents	(9)	32.0	0.1
Total current assets		**612.8**	**121.7**
Total assets		**4,373.4**	**3,874.8**
Equity			
Share capital	(11)	1,328.2	3,328.2
Other reserves		1,213.6	-
Retained earnings		129.3	402.6
Total equity		**2,671.1**	**3,730.8**
Liabilities			
Non-current liabilities			
Loans and borrowings	(12)	1,091.8	110.6
Lease obligations		1.2	1.6
Total non-current liabilities		**1,093.0**	**112.2**
Current liabilities			
Loans and borrowings	(12)	-	27.6
Lease obligations		0.4	0.3
Trade and other payables	(13)	608.9	3.9
Total current liabilities		**609.3**	**31.8**
Total liabilities		**1,702.3**	**144.0**
Total equity and liabilities		**4,373.4**	**3,874.8**

The notes on pages 8 to 20 are an integral part of these separate financial statements.

H. Badrawi (Board Member)

SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER

$ million	Note	31 December 2021	31 December 2020
General and administrative expenses	(14)	(16.5)	(10.6)
Other expenses		-	(0.1)
Operating loss		**(16.5)**	**(10.7)**
Finance income	(15)	38.2	40.3
Finance cost	(15)	(11.4)	(1.2)
Net finance income	(15)	**26.8**	**39.1**
Dividend from subsidiaries		310.0	90.8
Profit before income tax		**320.3**	**119.2**
Income tax		-	-
Profit for the year		**320.3**	**119.2**
Total comprehensive income		**320.3**	**119.2**

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SEPARATE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER

$ million	Note	Share capital	Other Reserves	Retained Earnings	Total Equity
Balance at 1 January 2020		**3,328.20**	**-**	**413.6**	**3,741.8**
Net profit		-	-	119.2	119.2
Other comprehensive income		-	-	-	-
Total comprehensive income		**-**	**-**	**119.2**	**119.2**
Prior year adjustments		-	-	(0.5)	(0.5)
Dividends to shareholders		-	-	(129.7)	(129.7)
Balance at 31 December 2020		**3,328.2**	**-**	**402.6**	**3,730.8**
Net profit		-	-	320.3	320.3
Other comprehensive income		-	-	-	-
Total comprehensive income		**-**	**-**	**320.3**	**320.3**
Dividends to shareholders	(10)	-	(850.0)	(593.6)	(1,443.6)
Share capital reduction	(11)	(2,000.0)	2,000.0	-	-
Capital contribution*	(12)	-	63.6	-	63.6
Balance at 31 December 2021		**1,328.2**	**1,213.6**	**129.3**	**2,671.1**

*Capital contribution is connected to the agreement with OCI to indemnify Fertiglobe for certain losses and liabilities.

The notes on pages 8 to 20 are an integral part of these separate financial statements.

SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER

$ million	Note	31 December 2021	31 December 2020
Profit for the year		**320.3**	**119.2**
Adjustments for:			
Depreciation and amortization		0.5	-
Interest income	(15)	(37.9)	(40.3)
Interest expense	(15)	11.4	1.2
Net foreign exchange gain		(0.3)	-
Income from associates		-	(0.1)
Dividend from subsidiaries		(310.0)	(90.7)
Changes in:			
Other receivables		(169.5)	(99.9)
Trade and other payables		624.8	1.1
Cash flows:			
Interest paid		(6.3)	(1.0)
Interest received		37.9	40.3
Cash flows from / (used in) operating activities		**470.9**	**(70.2)**
Investments in property, plant and equipment		(1.5)	(1.9)
Dividend received from subsidiaries		100.0	90.7
Dividends from equity accounted investee		-	0.6
Investment in subsidiaries		(43.0)	-
Investment in joint ventures		-	0.1
Cash generated from investing activities		**55.5**	**89.5**

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SEPARATE STATEMENT OF CASH FLOWS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER

$ million	Note	31 December 2021	31 December 2020
Proceeds from borrowings third parties		1,260.1	156.8
Repayment of borrowings third parties		(300.7)	(14.2)
Repayment of borrowings subsidiaries		-	(40.0)
Payment of finance lease obligations		(0.3)	-
Transaction costs of new borrowings		(10.0)	(2.7)
Dividends paid to shareholders		(1,443.6)	(129.7)
Cash used in financing activities		**(494.5)**	**(29.8)**
Net cash flow		**31.9**	**(10.5)**
Net increase / (decrease) in cash and cash equivalents		**31.9**	**(10.5)**
Cash and cash equivalents at 1 January		0.1	10.6
Cash and cash equivalents at 31 December	(9)	**32.0**	**0.1**

The notes on pages 8 to 20 are an integral part of these separate financial statements.

NOTES TO THE SEPARATE FINANCIAL STATMENTS

FOR THE YEAR ENDED 31 DECEMBER

1. General

Fertiglobe plc ('Fertiglobe' or 'the Company') is a public company limited by shares pursuant to Abu Dhabi Global Markets (ADGM) Companies Regulations 2020. The Company was re-registered from a private limited company to a public limited company on 5 September 2021. The Company was previously established on 23 December 2018 as private company limited by shares under the name Fertiglobe Holding Limited.

The Company's registered office is located at 2475-2476, 20th floor, Al Sila Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, United Arab Emirates. The Company is registered in the ADGM commercial register under no. 000001911.

The Company is consolidated by OCI ("ultimate Parent") that holds 50% + one of the total shares and voting rights in the Company as of 31 December 2021. After the listing of Fertiglobe on 27 October 2021, the shareholding structure is as follows;

- OCI. N.V: 50% + one share of the total issued share capital
- ADNOC 36.2%
- the free float on the Abu Dhabi Securities Exchange ("ADX") is 13.8%

These separate financial statements were approved and authorized for issuance on 11 May 2022 by the Board of Directors.

2. Basis of preparation and main events

General

The separate financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') and in compliance with the applicable provisions of the Company's Article of Association and the requirements of the Abu Dhabi Global Market Companies Regulation of 2020.

The separate financial statements have been prepared on the historical cost convention, except when otherwise indicated.

The financial year of the Company commences on 1st January and ends on 31 December.

These separate financial statements are presented in US Dollar ('USD'), which is the Company's functional and reporting currency. All amounts have been recorded to the nearest million, unless otherwise stated.

Fertiglobe IPO

On 27 October 2021, Fertiglobe was listed on the ADX under the ticker "FERTIGLB" and the International Securities Identification Numbering (ISIN) code "AEF000901015".

The shareholders of the Company (OCI and ADNOC) sold 1.145 billion shares representing 13.8% of the company's share capital. Immediately following the offering, the total issued share capital of the Company is USD 1,328,211,028 consisting of 8,301,318,925 Shares at USD 0.16 each, of which 4,150,659,464 shares are owned by the OCI (representing 50% + one share of total issued share capital) and 3,005,077,450 shares are owned by ADNOC (representing 36.2% of total issued share capital

3. Summary of significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these separate financial statements, except if mentioned otherwise in note 4.

3.1. Investment in subsidiaries

Subsidiaries are entities which are controlled by the Company. Control exists when the Company is exposed to or has rights to variable returns from its investments with the entity and has the ability to effect those returns through its power over the investee. Investment in subsidiaries is stated at cost less impairment losses, if any.

When the Company loses control over a subsidiary, it derecognises the investment in subsidiaries. Any resulting gain or loss is recognised in the statement of profit or loss. On disposal of the subsidiary, the separate financial statements, including comparative, are presented as unconsolidated financial statements i.e. individual or separate financial statements as appropriate.

Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the separate financial statements, in the period in which the dividend is approved by the Company's shareholders.

Dividend Income

Dividend income from the Company's subsidiaries is recognized when the right to receive payment is established.

3.2. Foreign currency

Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within net finance costs.

3.3. Financial instruments

Financial assets

IFRS 9 contains three principal classification categories for financial assets:

- measured at amortized cost,

- at fair value through profit or loss ('FVTPL')

- and at fair value through other comprehensive income ('FVOCI').

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available-for-sale.

i. Classification and subsequent measurement

Amortized cost

Trade and other receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Company analyzed the contractual cash flow characteristics of those instruments and concluded that they meet the 'hold to collect' business model criteria for amortized cost measurement. Interest income from these assets is included in finance income using the effective interest rate method. Any gain or loss on derecognition is recognised directly in profit or loss.

ii. Derecognition

Financial asset

The Company derecognizes a financial asset when:

- the contractual rights to the cash flows from the financial assets expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownerships of the financial asset are transferred; or
  - the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized

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Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Financial liabilities, like loans and borrowings and trade and other payables, are measured at amortized cost.

iii. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.4. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date (original maturity) that are subject to an insignificant risk of changes in their fair value and are used by the Company in the management of its short-term commitments.

3.5. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are recognised in equity as a deduction, net of tax, from the proceeds.

3.6. Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

The cost of self-constructed assets includes cost of material, direct labour, other directly attributable cost incurred to bring the asset ready to its intended use, cost of asset retirement obligation and any capitalized borrowing cost.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

3.6. Property, plant and equipment (continued)

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. Subsequent expenditures are capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance costs are expensed as incurred. Spare parts of property, plant and equipment are recognised under property, plant and equipment if the average turn-over exceeds 12 months or more, otherwise they are recognised within inventories.

Property, plant and equipment under construction

Expenditures incurred for purchasing and constructing property, plant and equipment are initially recorded as 'under construction' until the asset is completed and becomes ready for use. Upon the completion of the assets, the recognised costs are reclassified from 'under construction' to a final category of property, plant and equipment. Assets under construction are not depreciated and measured at cost less any impairment losses.

Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis through profit or loss over the estimated useful lives of each component, taking into account any residual values.

Land is not depreciated. Items of property, plant and equipment are depreciated from the date that they are installed and are ready for intended use, or in respect of internally constructed assets, from the date that the asset is completed and ready for intended use

The estimated useful lives for items of property, plant and equipment are as follows:	Years
Buildings	10 - 50
Plant and equipment	5 - 27
Fixtures and fittings	3 -10

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if necessary, by the Company.

3.7. Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.
The Company is not acting as a lessor.

3.7. Leases (continued)

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.8. Impairment of assets

Non-derivative financial assets

The Company assesses at each balance sheet date whether there is objective evidence that a non-derivative financial asset or a group of non-derivative financial assets are impaired. A non-derivative financial asset is considered to be impaired if the counterparty does not meet the agreed payment terms or when evidence exists that the counterparty will not be able to do so. The Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by Companying together assets with similar risk characteristics. In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends. An impairment loss is recognised for the amount by which the carrying amount of a non-derivative financial asset exceeds its estimated discounted future cash flows using the original interest rate. Impaired non-derivative financial assets are tested periodically to determine whether the estimated future cash flows have increased and the impairment has to be reversed. Reversal of impairments is only permitted if in a subsequent period after an impairment loss has been recognised, the amount of the impairment loss decreases and the decrease can be related objectively to an event after the impairment loss was recognised.

Non-financial assets

Non-financial assets that have an indefinite useful life are not subject to amortization but are tested annually for impairment or more frequently when indicators arise. Assets with a finite useful life are subject to depreciation or amortization and are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated. An impairment loss is recognised for the amount by which the assets' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit by continued use. For the purposes of assessing impairment, assets are grouped based on the lowest level for which there are separately identifiable cash flows (cash-generating units). Impairment losses are recognised in profit or loss.

Non-financial assets, which are impaired, are tested periodically to determine whether the recoverable amount has increased and the impairment be (partially) reversed. Impairment losses on goodwill are not reversed.

For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised. Reversal of impairments is only permitted if in a subsequent period after an impairment loss has been recognised, the amount of the impairment loss decreases and the decrease can be related objectively to an event after the impairment loss was recognised.

Expected credit loss assessment:

The Company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about counterparts) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit definitions from agencies *(Standard & Poor's)*.

Exposure within each credit risk grade are segmented by geographic region classification and an ECL rate is calculated for each segment based on delinquency status and actual credit loss experience over the past seven years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables

3.9. Finance income and cost

Finance income comprises:

- interest income on funds invested (including on financial assets at fair value through other comprehensive income);
- gains on the disposal of financial assets at fair value through other comprehensive income;
- dividend income;
- fair value gains on financial assets at fair value through profit or loss;
- gains on hedging instruments related to foreign currency and interest rate derivatives that are recognised in profit or loss and reclassifications of amounts previously recognised in other comprehensive income; and
- interest income is recognised as it accrues in profit or loss, using the effective interest method.
- foreign currency gain on financial assets and financial liabilities.

Finance cost comprises:

- interest expense on borrowings;
- unwinding of the discount on provisions and contingent consideration;
- interest expense related to lease obligations;
- losses on disposal of financial assets at fair value through other comprehensive income;
- fair value losses on financial assets at fair value through profit or loss;
- foreign currency loss on financial assets and financial liabilities.
- loss on hedging instruments related to foreign currency and interest rate derivatives that are recognised in profit or loss and reclassifications of amounts previously recognised in other comprehensive income; and
- impairment losses recognised on financial assets (other than trade receivables).

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss and expensed as incurred

3.10. Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Long-term employee benefits

The Company long-term employee benefits are recognised if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably to determine its present value. The discount rate is the yield at the balance sheet date on triple-A (‘AAA’) credit rated bonds that have maturity dates approximating to the terms of the Company’s obligations. Re-measurements are recognised in profit or loss in the period in which they arise.

Termination benefits

Employee termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or when the Company is providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

3.11. Statement of cash flows

The separate statement of cash flows has been prepared using the ‘indirect’ method. Cash flows in foreign currencies have been translated applying average exchange rates. Currency translation differences are shown separately in the separate statement of cash flows. Cash flows from investing activities consist mostly of investments and divestments in property, plant and equipment, intangible assets, and acquisitions insofar as these are paid for in cash. Acquisitions or disposals of subsidiaries are presented as acquisition of subsidiary, net of cash.

4. New accounting standards and policies

On a regular basis, the IASB issues new accounting standards, amendments and revisions to existing standards and interpretations. These new accounting standards, amendments and revisions to existing standards and interpretations are subject to endorsement by the Abu Dhabi Global Market Companies Regulation of 2020.

4.1. Standards, amendments, revisions and interpretations that became effective to the Company during 2021

The standards and interpretations that became effective in 2021 do not have a material impact on Fertiglobe during 2021.

Interest rate benchmark reform Phase 2:

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBOR), with alternative nearly risk-free rates. The Company's main IBOR exposure at the reporting date is USD LIBOR on its loans. The alternative reference rate for LIBOR is the secured overnight financing rate (SOFR) which will be published in June 2023. The Company plans to finish the process of amending contractual terms in response to IBOR reform by the end of 2022.
The Company has assessed the IBOR reform on the financing outstanding and have concluded that the interest rates relationships are no longer subject to uncertainty driven by IBOR reforms. The main borrowing contract of the Company dated August 2021 has already included section anticipating the future rate switch.

4.2. New revised IFRS in issue but not yet effective

IFRS standards and interpretations thereof not yet in force which may apply to the future Company's separate financial statements are being assessed for their potential impact. Currently there are no standards and interpretations not yet effective that would have a significant impact on the Company.

5. Use of estimates and judgments

The preparation of the separate financial statements requires management to exercise judgment and make estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the separate financial statements are the impairment of the investments in subsidiaries. In the separate financial statements, there is no signification judgments applied by the Company, except for the valuation of investment in subsidiaries.

Valuation of investments in subsidiaries

At each balance sheet date, the Company reviews whether there is an indication that its investments in subsidiaries might be impaired.

An indication for impairment of the investments in subsidiaries may include, respectively, management's downward adjustment of the strategic plan. Further indications for impairments of its investments may include other areas where observable data indicates that there is a measurable decrease in the estimated future cash flows. These determinations require significant judgment. In making this judgment management evaluates, among other factors, the financial performance of and business outlook for its investments, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

If any indication for impairment exists, the recoverable amount of the investments is estimated in order to determine the extent, if any, of the impairment loss. An investment is impaired if the recoverable amount is lower than the carrying amount. The recoverable amount is defined as the higher of an investment's fair value less costs to sell and its value in use.

The investments' fair value less costs to sell represents the best estimate of the amount the Company would receive if it sold its investments. The fair value of each investment has been estimated on the basis of the present value of future cash flows, taking into account costs to sell. The determination of the investment's value in use is based on calculations using pre-tax cash flow projections based on financial budgets approved by management covering a 5-year period and the terminal value period. If the recoverable amount of an investment is estimated to be less than its carrying amount, the carrying amount of the investment is reduced to its recoverable amount. Any impairment loss is recognized immediately in the statement of profit or loss.

Impairment losses recognized in prior periods shall be reversed only if there has been a change in the estimates or external market information used to determine the investment's recoverable amount since the last impairment loss was recognized. The recoverable amount shall not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years.

6. Financial risk and capital management Overview

The Company has exposure to credit, liquidity and market risks from financial instruments. These risks arise from exposures that occur in the normal course of business. This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing these risks, additionally it also includes the Company's management of capital.

Risk management framework

The Board has oversight responsibility on the establishment and monitoring of the Company's risk management framework. Senior (local) management is responsible for the effective operation of the internal risk management and control systems.

The Finance department is responsible for the facilitation and supervision of the Risk Management function, compliance with the Company Internal Control Framework and supports the Board in the exercise of their risk management duties.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

6.1. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and investments in debt securities. The Company mitigates the exposure to credit risk on outstanding cash balances by placing funds at multiple financial institutions with a sufficient credit rating. The Company's exposure to customer credit risk is monitored and mitigated by performing credit checks before selling any goods.

The Company establishes an allowance, if needed, for impairment that represents its estimate of expected losses in respect of trade and other receivables.

The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that are expected based on historical performance. IFRS 9 establishes a three-stage impairment model, based on whether there has been a significant increase in the credit risk of a financial asset since its initial recognition.

As at 31 December 2021, management assessed the credit risk based on internal and external factors related to the financial instruments and recognised an allowance related to credit risk (Note 8).

With respect to transactions with financial institutions, the Company sets a minimum credit rating for the counter parties. The maximum exposure to credit risk is the carrying amount of financial instruments, for an overview reference is made to the tables financial instruments by category. There is no significant concentration of credit risk in trade and other receivables, financial assets at fair value through other comprehensive income or cash and cash equivalents.

The maximum exposure to credit risk at the reporting date is as follows:

$ millions	2021	2020
Other receivables*	1,653.3	1,253.4
Cash and cash equivalents	32.0	0.1
Total	**1,685.3**	**1,253.5**

*Excluding prepayments

The maximum exposure to credit risk for other receivables by geographic region was as follows:

$ millions	2021	2020
Middle East and Africa	498.2	124.6
Europe	1,124.7	1,119.6
America	30.4	9.2
Total	**1,653.3**	**1,253.4**

6.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The following are undiscounted contractual maturities of financial liabilities, including estimated interest payments and exclude the impact of netting agreements:

At 31 December 2021 $ millions	Note	Carrying Amount	Contractual cash flow	Less than 1 year	Between 1 and 5 years	More than 5 years
Financial Liabilities						
Loans and borrowings	(12)	1,091.8	1,100.1	-	1,100.1	-
Lease obligations		1.6	1.6	0.4	1.2	-
Trade and other payables*	(13)	606.6	606.6	606.6	-	-
Total		**1,700.0**	**1,708.3**	**607.0**	**1,101.3**	**-**

* Excluding employee benefits

6.2 Liquidity risk (continued)

At 31 December 2020 $ millions	Note	Carrying Amount	Contractual cash flow	Less than 1 year	Between 1 and 5 years	More than 5 years
Financial Liabilities						
Loans and borrowings	(12)	138.2	136.7	24.5	112.2	-
Lease obligations		1.9	1.9	0.3	1.6	-
Trade and other payables*	(13)	2.3	2.3	2.3	-	-
Total		**142.4**	**140.9**	**27.1**	**113.8**	**-**

*Excluding employee benefits

The interest on floating rate loans and borrowings is based on forward interest rates at the period-end. This interest rate may change as the market interest rate changes.

Callable loan amounts are classified as 'Less than one year'. The future obligations will be managed by the future incoming cash from operations, currently available and unused amounts on credit facility agreements, reference is made to note 12.

The Company's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. This is also safeguarded by using multiple financial institutions in order to mitigate any concentration of liquidity risk.

Liquidity risk is monitored internally at Company level. On an ongoing basis, the Company prepares liquidity forecasts to verify whether the Company is able to meet its future debt obligations. The Company has also carefully evaluated the funding of its Business Plan for at least the next 12 months from the date of issuance of the financial statements, taking into account the measures mentioned below and has applied sensitivities to the forecast level of liquidity headroom available. Key assumptions include product pricing, natural gas pricing and utilization rates. Management has applied these assumptions to the forecasts, it prepares, demonstrating sufficient liquidity headroom.

6.3 Market risk

Interest rate risk

The Company's cash flow interest rate risks arise from the exposure to variability in future cash flows of floating rate financial instruments and refinancing fixed rate borrowings. The Company regularly reviews its exposure to the global interest rate environment. The Company has not entered into any interest rate derivatives.

The Company analyses its interest rate exposure on a dynamic basis. The Company calculates the impact on profit or loss of a defined interest rate shift. The same interest rate shift is used for all currencies. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings plus refinancing of fixed rate borrowings, as follows:

$ millions		**2021**	2020
Effect on profit before tax for the coming year	+100 bps	10.9	10.7
	-100 bps	(10.9)	(10.7)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market data, showing a lower volatility compared to prior years. The interest rate sensitivity calculation is based on the interest-bearing liabilities, reference is made to note 12. IBOR reform had no impact on 2021 financial statements as the switch rate for USD Libor is expected to happen in June 2023, and all our loans contracts are anticipating this change

Categories of financial instruments

2021 $ millions	**Note**	**Loans and receivables / payables at amortized cost**
Assets		
Other receivables*	(8)	1,653.3
Cash and cash equivalents	(9)	32.0
Total		**1,685.3**
Liabilities		
Loans from banks	(12)	1,091.8
Trade and other payables**	(13)	606.6
Total		**1,698.4**

*Excluding prepayments
**Excluding employee benefits

6.3 Market risk (continued)

2020 $ millions	Note	Loans and receivables / payables at amortized cost
Assets		
Other receivables*	(8)	1,253.4
Cash and Cash equivalents	(9)	0.1
Total		**1,253.5**
Liabilities		
Loans and Borrowings from banks	(12)	138.2
Trade and other payables**	(13)	3.9
Total		**142.1**

*Excluding prepayments
**Excluding employee benefits

6.4 Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, retained earnings and reserves. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders. The Company is required by external financial institutions to maintain certain capital requirements in relation to its debt. Reference is made to note 12 for a description of financial covenants.

The Company's net debt to equity ratio at the reporting date was as follows:

$ millions	**2021**	2020
Loans and Borrowings	1,091.8	138.2
Less: cash and cash equivalents	32.0	0.1
Net debt	**1,059.8**	**138.1**
Total Equity	2,671.1	3,730.8
Net debt to equity ratio	**0.40**	**0.04**

7. Investment in subsidiaries

$ millions	**2021**	2020
Investment in subsidiaries	2,684.4	2,619.0
Balance at 31 December	**2,684.4**	**2,619.0**

- In August 2021, Fertiglobe, through its wholly owned subsidiary OCI Mepco (BVI), agreed with a KBR-led consortium, which includes Mitsubishi, JGC and Itochu, to buy their combined 15% stake in Egypt Basic Industries Corporation ("EBIC") for a total consideration of USD 43.0 million. The total consideration was provided as capital injection to OCI Mepco (BVI) for executing this transaction.
- In June 2021, OCI SAE reached an agreement related to one of its indemnifications, as a result the historical provision of USD 23.6 million was used to settle the case with excess provision amounting to USD 1.1 million which was released to the profit or loss and other comprehensive income. USD 22.4 million recorded in the investment in subsidiaries against the indemnification receivable.

List of principal subsidiaries as per 31 December 2021**:**

Name	**Country of incorporation**	**Ownership %**
OCI Mepco Holding Limited	BVI	100%
OCI Fertilizer Trading Limited	BVI	100%
Fertiglobe MENA B.V. (previously OCI MENA B.V.)	Netherlands	100%
OCI Fertilizer Trade France	France	100%
Fertilizers 1 Holding Limited	UAE - ADGM	100%
Fertilizers 2 Holding Limited	UAE - ADGM	100%
Fertilizers Exports Holding Limited	UAE - ADGM	100%
Fertiglobe Distribution Limited	UAE - ADGM	100%
OCIFERT ME Holding Limited	UAE - ADGM	100%

8. Other receivables

$ millions	2021	2020
Loans issued to subsidiaries (Note 16)	1,422.8	1,204.9
Other receivables from subsidiaries (Note 16)	227.8	48.4
Other receivables from related parties (Note 16)	2.3	-
Other receivables	0.4	0.1
Prepaid expenses	0.7	0.3
Total	**1,654.0**	**1,253.7**
Non-current	1,073.2	1,132.1
Current	580.8	121.6
31 December	**1,654.0**	**1,253.7**

The carrying amount of receivables approximates their fair value.

The assessment of the expected credit losses did not result in an impairment of receivables. This will be monitored on a continuous basis going forward and periodically reassessed. Specification of loans and other receivables from subsidiaries:

$ millions	Type	Interest rate	2021 short-term	2020 short-term
Fertiglobe Distribution LTD	Unsecured	2.07%	364.5	86.7
Fertiglobe MENA (previously OCI MENA)	Unsecured	LIBOR + 316.15 basis points	1,046.3	1,104.2
Fertiglobe MENA (previously OCI MENA)	Unsecured	LIBOR + 131.15 basis points	12.0	14.0
Other receivables from subsidiaries*	-	-	227.8	48.4
Total			**1,650.6**	**1,253.3**

*detailed in note 16

9. Cash and cash equivalents

$ millions	2021	2020
Bank balances	32.0	0.1
Total	**32.0**	**0.1**

10. Dividends to shareholders

On 31 March 2021, the Board of Directors approved the declaration of interim dividends to shareholders of USD 55 million, which have been paid in full, and on 28 June 2021 the declaration of USD 130 million, which have been paid in full. Both declarations have been approved by the Shareholders on 28 June 2021. On 25 August 2021, the Company paid an advance dividend of USD 93.6 million to OCI and ADNOC in relation to the Sorfert dividend. This amount was ratified during the board meeting of 12 October 2021 and was approved by Shareholders in November 2021. On 12 September 2021, the shareholders approved interim dividends of USD 165 million, which was paid out on 5 October 2021.

On 12 September 2021, the Shareholders approved the payment of a special dividend amounting to USD 850 million. This dividend was paid out to the Company's Shareholders on 5 October 2021.

On 4 October 2021, the shareholders of the Company approved interim dividends for a total amount of USD 315 million (an additional USD 150 million compared to the USD 165 million that were already approved on 12 September 2021, the dividend was paid on 11 October 2021 to the shareholders).

11. Reduction and subdivision of share capital

On 28 June 2021, the Company's Shareholders approved, through a special resolution, the reduction of the share capital from USD 3,328,211,028 to USD 1,328,211,028 by cancelling and extinguishing 2,000,000,000 ordinary shares in proportion to the number of shares held by each shareholder. Furthermore, the Shareholders approved crediting the capital reduction to other distributable reserve as proposed on 28 June 2021 by the Company's Board of Directors. The par value per share remained 1 USD per share subsequent to the capital reduction.

On 16 September 2021, the Company's Shareholders approved, through a special resolution, the subdivision of 1,328,211,028 ordinary shares with par value of USD 1.00 each in the share capital of the Company into 8,301,318,925 ordinary shares with a par value of USD 0.16 each.

The movements in the number of shares can be summarized as follows:

$ millions	2021	2020
Number of shares at 1 January	3,328.2	3,328.2
Capital reduction	(2,000.0)	-
Subdivision of shares	6,973.1	-
issued at 31 December - fully paid	**8,301.3**	**3,328.2**
Par value per share (in $)	**0.16**	**1.00**
At 31 December	**1,328.2**	**3,328.2**

11. Reduction and subdivision of share capital (continued)

Capital contribution

As part of the IPO, OCI agreed to indemnify all Fertiglobe shareholders in case certain tax claims occur, consequently, OCI contributed to Fertiglobe an amount of EGP 1,004 million (USD 63.6 million).

12. Loans and Borrowings

$ millions	2021	2020
Loans from banks	1,091.8	138.2
Total	**1,091.8**	**138.2**
Non-current	1,091.8	110.6
Current	-	27.6
31 December	**1,091.8**	**138.2**

Fertiglobe completed new refinancing

On 16 August 2021, Fertiglobe obtained USD 1.4 billion unsecured financing as follows:

- USD 900 million bridge to bond facility loan for 18 months tenor, which is extendable for 6 months, then for an additional 6-month (total combined tenor of 30 months, inclusive of extensions), with Interest rate of LIBOR +105 bps for the first 12 months increasing by 25 bps every 3 months thereafter. An accordion facility of USD 200 million was additionally built into the bridge to bond facility.
- USD 300 million Revolving Credit Facility maturing in 2026 at an interest rate of LIBOR +175 bps.

The drawn down of the USD 900 million bridge loan and USD 200 million accordion was executed on 4th October 2021. Total transaction costs amounted to USD 10.0 million.

The proceeds were used to repay Fertiglobe outstanding loans (approximately USD 250 million) and to fund a special dividend of USD 850 million which was paid to Fertiglobe shareholders, on 5 October 2021.

Covenants

Fertiglobe plc loan agreement includes financial covenants. The definitions for calculating the financial covenants applicable to the facilities within the company can be summarized as follows:

- Debt to Equity Ratio or leverage ratio: Gross Debt (current and long-term debt obligations) to total Equity (the sole capital of the borrower).
- Interest coverage ratio: net annual operating income to net finance charges.

At 31 December 2021 all financial covenants were met.

In the event the company would not comply with the covenant requirements, the loans would become immediately due. Refer to note 6.2 for additional discussion of the Company's liquidity risk. The external borrowings include change in control clauses that enable the lenders to call the financing provided.

13. Trade and other payables

$ millions	2021	2020
Payables due to related parties (Note 16)	602.5	0.4
Payables due to subsidiaries (Note 16)	-	0.3
Employee benefits	2.3	1.6
Accrued expenses	2.5	1.5
Other current liabilities	1.6	0.1
Total	**608.9**	**3.9**
Non-current	-	-
Current	608.9	3.9
31 December	**608.9**	**3.9**

The carrying amount of 'Trade and other payables' approximates its fair value.

14. General and administrative expenses

The expenses by nature comprise 'general and administrative expenses'

$ millions	2021	2020
Employee benefit expenses	8.5	5.4
Audit and professional fees	5.3	2.3
Other - related parties (Note 16)	(0.3)	1.9
Other	3.0	1.0
Total	**16.5**	**10.6**

15. Net Finance Income

$ millions	2021	2020
Interest income on loans and receivables subsidiaries (Note 16)	37.9	40.3
Foreign exchange gain	0.3	-
Finance income	**38.2**	**40.3**
Interest expense and other financing costs on financial liabilities measured at amortized cost	(11.4)	(1.2)
Finance cost	**(11.4)**	**(1.2)**
Net finance income recognized in profit or loss	**26.8**	**39.1**

16. Related Party and subsidiaries transactions

Transactions with related parties occur when a relationship exists between the Company, its participating interest and their directors and key management personnel.

Fertiglobe has related party transactions with its shareholders OCI group and also with ADNOC group

The Company applied IAS 24 exemption with regards to disclosure of transactions with Abu Dhabi Government, being the beneficial owner of ADNOC. During the year there was no significant transactions with the Government related entities (2020: no significant transactions).

The following is a list of significant related party transactions and outstanding amounts as at 31 December 2021**:**

Related Party	Relation	Net recharge	Loans to subsidiaries	Other receivables	Trade payables	Interest income
OCI N.V.	OCI Group	(0.3)	-	-	0.5	-
Ruwais Fertilizers industries	Fertiglobe	-	-	100.0	3.2	-
Fertiglobe Distribution LTD	Fertiglobe	0.8	364.5	1.0	576.3	2.4
Fertiglobe MENA (previously OCI MENA)	Fertiglobe	0.1	1,058.3	0.1	-	35.5
OCI MEPCO	Fertiglobe	-	-	6.9	-	
Egyptian Fertilizer Company	Fertiglobe	-	-	14.4	-	-
OCI Fertilizer Trade (France)	Fertiglobe	-	-	0.2	-	-
OCI Fertilizer Trading	Fertiglobe	0.5	-	23.5	0.1	-
OCI Fertilizer Trade and supply	Fertiglobe	-	-	0.2	-	-
OCI SAE	Fertiglobe	(0.8)	-	14.9	-	-
OCI Fertilizer BV	OCI Group	-	-	66.6	22.4	-
ADNOC	ADNOC	-	-	2.3	-	-
Total 2021		**0.3**	**1,422.8**	**230.1**	**602.5**	**37.9**

All outstanding related party balances are unsecured.

The following is a list of significant related party transactions and outstanding amounts as at 31 December 2020**:**

Related Party	Relation	Net recharge	Loans to subsidiaries	Other receivables	Other payables	Interest income
OC PLC	Others	-	-	-	0.2	-
OCI N.V.	OCI Group	(1.9)	-	-	-	-
OCI USA Inc	OCI Group	-	-	-	0.1	-
Ruwais Fertilizers Industries	Fertiglobe	-	-	-	0.3	-
Fertiglobe Distribution LTD	Fertiglobe	-	86.7	0.2	-	0.4
Fertiglobe MENA (previously OCI MENA)	Fertiglobe	-	1,118.2	1.0	-	39.8
OCI MEPCO	Fertiglobe	-	-	9.0	-	-
Egyptian Fertilizer Company	Fertiglobe	-	-	14.5	-	-
Egypt Basic Industries Corporation	Fertiglobe	-	-	9.2	-	-
OCI Fertilizer Trade (France)	Fertiglobe	-	-	0.2	-	-
OCI Fertilizer Trading	Fertiglobe	-	-	0.2	-	-
OCI Fertilizer Trade and supply	Fertiglobe	-	-	0.2	-	0.1
OCI SAE	Fertiglobe	-		13.9	-	-
OCI Overseas Holding (Cyprus)	OCI Group	-	-	-	0.1	-
Total 2020		**(1.9)**	**1,204.9**	**48.4**	**0.7**	**40.3**

Key management personnel compensation

As at 31 December 2021, the Board of Directors of the Company consists of 11 executive board members appointed by the shareholders. Although the board members are considered key management personnel, OCI and ADNOC agreed that each shareholder will be responsible for payment of all remuneration due to, and for reimbursing all out-of-pocket expenses incurred by the appointed directors on their behalf. Therefore, no amount of board remuneration is incurred by the company.

NOTES TO THE SEPARATE FINANCIAL STATMENTS

FOR THE YEAR ENDED 31 DECEMBER

16. Related Party and subsidiaries transactions (continued)

Furthermore, the Chief Financial Officer and the Chief Operating Officer are considered as key management personnel based on the reassessment performed during 2021. 2020 numbers have been updated to conform to the current year's presentation. Their total remuneration is as follows:

$ millions	2021	2020
Short term employee benefits	1.7	1.4
Total	**1.7**	**1.4**

No other long term, termination benefits and/or share-based benefits have been rewarded to the key management personnel in 2021 and 2020.

17. Contingencies

The Company doesn't have any contingencies or open legal claims. All the contingencies are related to the subsidiaries of the Company and are listed in note 26 of the consolidated financial statements.

18. Subsequent events

The Company performed a review of events subsequent to the balance sheet date through the date the separate financial statements were issued and determined that there were no other events requiring recognition or disclosure in the separate financial statements.

AFS settlement

On 15 June 2021, OCI SAE and OCI N.V. entered into an agreement with Lafarge (the "Lafarge Settlement Agreement") for the full and final settlement of all claims made by and against OCI SAE. OCI NV made a payment of USD 22.4 million on behalf of OCI S.A.E., leading to a receivable between OCI NV and OCI SAE. The receivable in OCI N.V. was subsequently transferred to Fertiglobe plc which was approved on 10 January 2022. Given the transfer was on an unconditional and irrevocable basis and without consideration, this transaction was reclassified to equity following the approval on 10 January 2022.

Dividend income

On 27 March 2022, Ruwais Fertilizer Industries LLC declared dividends for a total amount of USD 170 million. The full amount was received on 31 March 2022 by the Company.

Dividends H2 2021

In April 2022, interim dividends for a total amount of USD 340 million related to the second half of the year ended 31 December 2021 were paid. These dividends were approved by the Board on 14 February 2022.

Dividends H1 2022

Fertiglobe is increasing its guidance for dividend payments from previously at least $200 million to at least $700 million for the first half of the year ending 31 December 2022 payable in October 2022. The final number will be determined in August 2022.

Ukrainian War impact

The recent conflict between Russia and Ukraine and the related sanctions are expected to impact the global economy and markets. Based on our current knowledge and available information, we do not expect that the conflict has an overall significant adverse impact on Fertiglobe's separate financial performance and we do not expect the conflict will have an impact on our ability to continue as a going concern in the future.

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Independent Auditors' Report

To the Shareholders of Fertiglobe plc

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of Fertiglobe plc ("the Company"), which comprise the separate statement of financial position as at 31 December 2021, the separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as at 31 December 2021, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the separate financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with IFRS, and their preparation in compliance with the applicable provisions of the Abu Dhabi Global Market Companies Regulations 2020 (as amended) and Companies Regulations (International Accounting Standards) Rules 2015, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Auditors' Responsibilities for the Audit of the Separate Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Further, as required by the provisions of the Abu Dhabi Global Market Companies Regulations 2020 (as amended) and Companies Regulations (International Accounting Standards) Rules 2015, we report that:

i) the separate financial statements, in all material respects, have been properly prepared in accordance with the requirements of the Companies Regulations 2020 (as amended) and Companies Regulations (International Accounting Standards) Rules 2015 issued by the Abu Dhabi Global Market;

ii) adequate accounting records have been kept by the Company; and

iii) the Company's accounts are in agreement with the accounting records and returns.

KPMG Lower Gulf Limited

Emilio Pera
Abu Dhabi, United Arab Emirates

Date: **23 May 2022**